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STATE FOR SRAP - INTERNATIONAL PARTNERSHIP TEAM

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SUBJECT: NETHERLANDS: SUPPORT FOR PAKISTAN

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¶1. Econoff delivered reftel points to Hidde Baars, Policy Officer for Pakistan at the Dutch Ministry of Foreign Affairs (MFA). Baars confirmed that the Government of the Netherlands (GONL) officially joined the Friends of Democratic Pakistan and pledged 86 million euro (USD 126.9 million) at the Tokyo Donors Conference in April. This amount is for the period 2009-2011; of that, the GONL has already spent 35 million euro (USD 51.6 million) this year. Baars noted that the GONL may pledge additional funds for Pakistan next year, but this is highly uncertain. The GONL is facing a rising budget deficit, and the MFA (like all ministries) must make substantial spending cuts, including to its development budget. Baars said that the 86 million euro is guaranteed for Pakistan through 2011; the MFA will decide next year whether to commit additional funds.

¶2. While it recognizes the Government of Pakistan's budget pressures, the GONL maintains a policy of not providing direct budget support to Pakistan, citing a continued lack of transparency and accountability. Instead, the GONL channels about two-thirds of its assistance through the Dutch Embassy in Islamabad to local and international NGOs for a range of projects in-country. The GONL channels roughly one-third of its assistance to Pakistan through multilateral development institutions (primarily the World Bank), but this ratio could increase if the security situation deteriorates and/or NGOs are unable to conduct viable projects. The GONL's three priority areas for development assistance to Pakistan (those in which the GONL believes it can add the most value) are: (1) education, (2) good governance and human rights, and (3) environment and water. Baars noted that these are "soft programs," but ones that the GONL conducts in risky areas. It has a program with UNICEF, for example, to educate traumatized children in the dangerous Malakand region.

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